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A N N U A L R E P O R T
CANADIAN OIL COMPANIES,
LIMITED

FOR THE FISCAL YEAR
ENDING DECEMBER 31st,
1940

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ANNUAL REPORT

CANADIAN OIL COMPANIES,
LIMITED

FOR THE FISCAL YEAR
ENDING DECEMBER 31st,
1940

CANADIAN OIL COMPANIES, LIMITED

1940



OFFICERS

F. H. LITTLEFIELD, TORONTO, *Chairman of the Board*

JOHN IRWIN, MONTREAL, *President*

P. A. THOMSON, MONTREAL
Vice-President

GORDON F. PERRY, TORONTO
Vice-President

F. C. WEST, TORONTO, *Vice-President and Managing Director*

H. F. HOECKER, TORONTO, *Secretary*

C. W. WALKER, TORONTO, *Treasurer*

REG. C. WEST, TORONTO, *General Sales Manager*

DIRECTORS

AUBREY DAVIS

GORDON F. PERRY

JOHN IRWIN

E. G. SMITH

F. H. LITTLEFIELD

P. A. THOMSON

G. H. MUNTZ

F. C. WEST

BRIG.-GEN. J. B. WHITE, D.S.O., E.D.

Fiscal Agents:

NESBITT, THOMSON & COMPANY, LIMITED

Transfer Agents and Registrars:

THE TORONTO GENERAL TRUSTS CORPORATION

Auditors:

THORNE, MULHOLLAND, HOWSON & McPHERSON

Head Office of the Company:

TERMINAL WAREHOUSE BUILDING,
TORONTO, CANADA

CANADIAN OIL COMPANIES, LIMITED

TO THE SHAREHOLDERS:

ON BEHALF of your Board of Directors I have pleasure in submitting herewith the 32nd Annual Report of your Company for the year ending December 31st, 1940. This Report contains the Balance Sheet as at December 31st, 1940, together with Profit and Loss Account and Surplus Account, all in accordance with the report of the Company's auditors, Messrs. Thorne, Mulholland, Howson & McPherson.

Net Profits, before providing for Depreciation and Income Tax, and accrued Debenture Interest, amounted to \$1,165,132.90 as compared with \$1,060,388.93 for the preceding year—an increase of \$104,743.97. After allowance of \$565,490.06 for Depreciation on buildings, plant and equipment, and after provision for Bad Debts, and \$49,073.17 for Debenture Interest, but before providing for Income Tax, the net profit was \$550,569.67.

For Federal and Provincial Income Taxes, provision has been made of \$180,000.00—an increase of \$63,000.00 over the \$117,000.00 provided in 1939.

While the upward trend of taxation does not meet with the approval of shareholders at large, nevertheless your Directors would draw to your attention the fact that there is some satisfaction in the realization that our business during the past fiscal year has been such as to enable your Company to contribute an additional \$63,000.00, in the form of taxes, during these trying times when our country is in such pressing need of added revenue.

Following deduction of all charges, net profits for the year amounted to \$370,569.67—a decrease of \$81,728.72 as compared with the preceding year.

Regular dividends of 8% were paid on the Preferred Shares, leaving earnings equal to \$1.46 a share on the 143,764 shares of Common Stock now outstanding. This compares with earnings of \$2.03 a share in 1939. After providing for Debenture Interest, and the 8% dividend on our Preferred Stock, dividends, at the same rate as in the previous year, amounting to \$1.00 a share, were paid on the Common Stock.

Surplus Account as at December 31st, 1940, totalled \$1,168,687.54 as against \$1,104,019.73 previously shown—an increase of \$64,667.81.

In December, 1939, an "issue of Debentures not to exceed \$2,500,000.00" was authorized, of which \$1,250,000.00 of 4% 15-year Sinking Fund Debentures were underwritten by Messrs. Nesbitt, Thomson & Company, Limited, and taken up in January, 1940. In November, 1940, further Debentures amounting to \$250,000.00 were underwritten by Messrs. Nesbitt, Thomson & Company, Limited, and taken up during the same month. Therefore, outstanding Debentures now amount to \$1,500,000.00 of the authorized \$2,500,000.00.

The proceeds from these Debentures enabled your Company to complete large scale improvements and alterations to your Refinery at Petrolia—the erection of additional storage tanks for the storage of crude oil and gasoline—and the laying of a new 17-mile pipe line from Petrolia to Froomfield, your Company's water port on the banks of the St. Clair River.

The pipe line and the erection of the storage tanks at Petrolia were speedily completed.

It was expected that alterations and additions to the Refinery would have been completed in May, 1940. However, considerable delay was experienced owing to non-delivery of equipment brought about by War conditions, and the new additions to your Refinery were not finally completed until the latter part of November, 1940.

Therefore, the benefits from the improvements at your Refinery have not been felt during 1940. The Refinery is now operating at full capacity with an output somewhat beyond our expectations, and the benefits from it should be reflected during the current year.

The price of our raw material, crude oil, has been steadily advancing, without any compensating advance in the price of petroleum products in Canada.

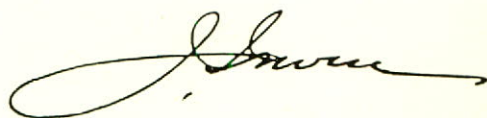
The Department of Munitions and Supply, Ottawa, Canada, decided to appoint an Oil Controller. In June, 1940, Mr. George R. Cottrelle received the appointment. His task is a difficult one, which he is administering in all fairness to the oil industry, and is receiving from the oil industry at large their fullest co-operation.

The Department of Munitions and Supply found it necessary to take over your property in Toronto located on Strachan Avenue which had been occupied by your Company for nearly half a century. New premises have been secured on Cherry Street, Toronto, and the removal of our present facilities to the new location is now being proceeded with.

The continued increased activity in the industrial life of Canada resulting from the war, calls for greater quantities of petroleum products. Our sales for the first three months of 1941 are sharply higher.

Your Directors again wish to express their appreciation of the faithful and efficient service rendered by the officers, staff and employees of the Company throughout the year.

On behalf of the Board,

A stylized, handwritten signature in dark ink, likely belonging to the President of the company.

President.

CANADIAN OIL COMPANIES, LIMITED

PROFIT AND LOSS ACCOUNT (Year ended December 31st, 1940)

Net Profit for year, before providing for undermentioned items..... \$1,165,132.90

DEDUCT:

Depreciation on Buildings, Plant and Equipment.....	\$565,490.06	
Debenture Interest.....	49,073.17	
Provision for Income and Excess Profits Taxes.....	180,000.00	
		<u>794,563.23</u>

NET PROFIT FOR YEAR..... \$370,569.67

SURPLUS ACCOUNT (Year ended December 31st, 1940)

Surplus, December 31st, 1939..... \$1,104,019.73

Add: Net Profit for year..... 370,569.67

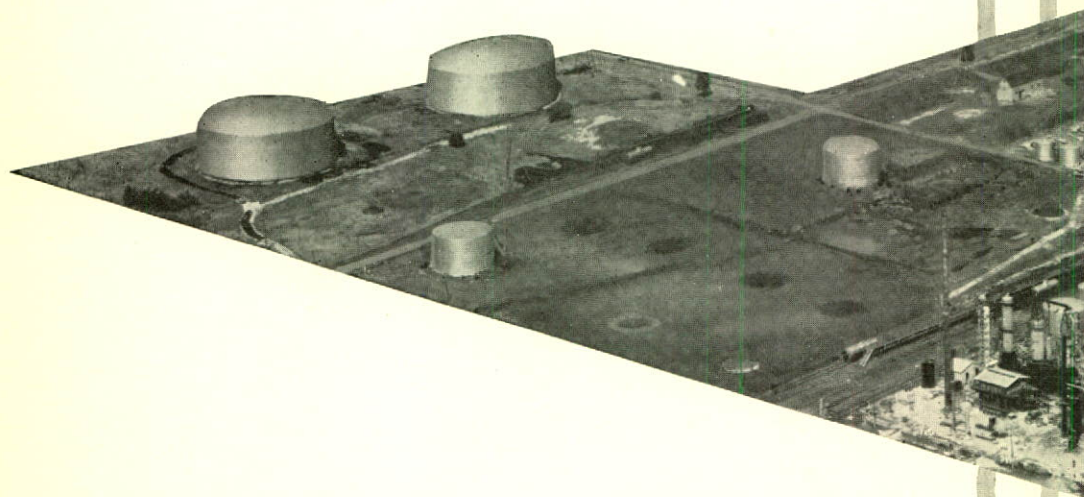
\$1,474,589.40

DEDUCT:

Dividends on Preference Stock, 8%.....	\$160,000.00	
Dividends on Common Stock, \$1.00.....	143,764.00	
Additional 1939 Income Tax.....	2,137.86	
		<u>305,901.86</u>

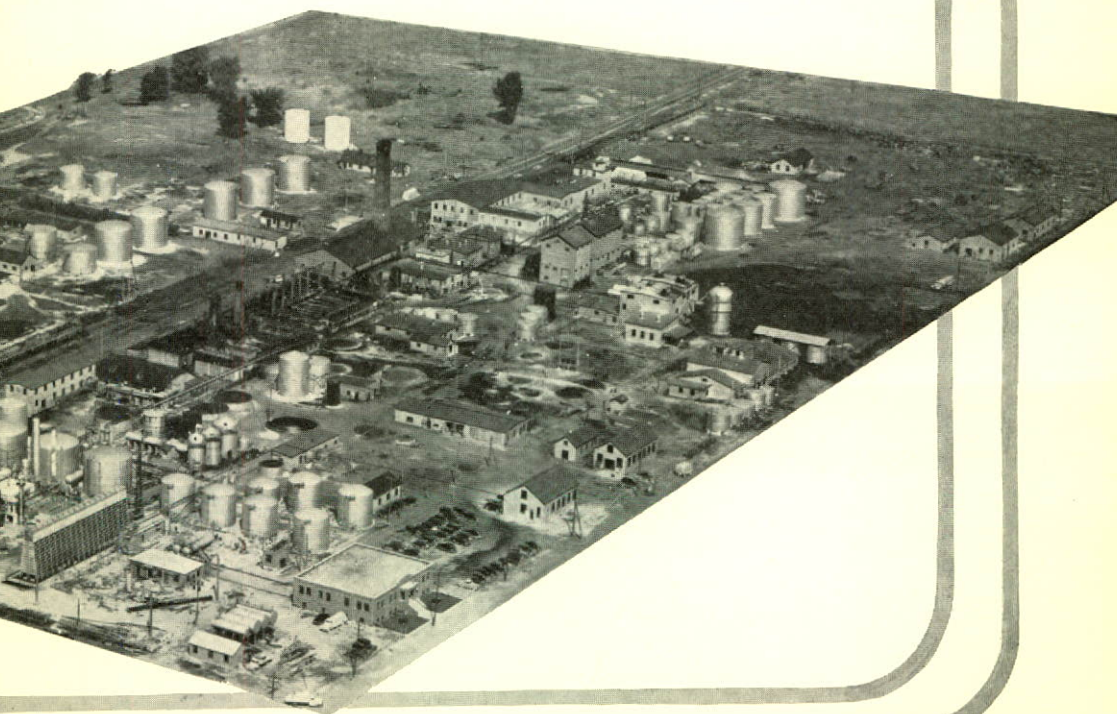
SURPLUS, DECEMBER 31ST, 1940..... \$1,168,687.54

PETROLI



A For over thirty-three years Canadian Oil Companies, Limited have maintained a refinery at Petrolia, Ontario. From a modest beginning, this plant has grown until today it is a modern industrial development, within the boundaries of which are located some of the most efficient and progressive refining facilities to be found anywhere on the continent.

In this great plant are produced the wide variety of high-grade petroleum products manufactured by Canadian Oil Companies, Limited. Distributed through more than 2,200 retail outlets from the Rockies to the Atlantic, these products are maintained at a consistently high standard of excellence by exhaustive research and scientific control.



CANADIAN OIL C

BALANCE

(DECEMBER)

ASSETS

CURRENT ASSETS:

Cash on hand and in banks \$ 234,021.99

Accounts and Bills Receivable after provision for doubtful accounts 970,103.15

Inventory, Merchandise and Supplies, as determined and certified by the management and valued on the Company's usual basis which in total does not exceed laid-down cost or fair market value, whichever was the lower 2,124,054.06

\$ 3,328,179.20

DEFERRED ACCOUNTS RECEIVABLE, MORTGAGES AND SUNDRY INVESTMENTS 192,913.90

INVESTMENT IN AND ADVANCES TO SUBSIDIARY COMPANIES 9,772.05

FUNDS HELD BY TRUSTEE RE DEBENTURES 30,000.00

DEFERRED CHARGES TO OPERATIONS including Debenture Discount and Expense 104,907.02

CAPITAL ASSETS:

Real Estate, Buildings, Plant and Equipment 10,645,605.31

GOODWILL 1.00

\$14,311,378.48

AUDITORS' REPORT TO THE SHAREHOLDERS

We have made an examination of the Balance Sheet of Canadian Oil Companies, Limited as at December 31st, 1940 and of the Profit and Loss and Surplus Accounts for the year ended on that date. In connection therewith we examined or tested the accounting records and other supporting evidence and made a general review of the accounting methods and of the operating and income accounts for the year but did not make a detailed audit of the transactions.

We have obtained all the information and explanations we have required, and, based upon such examination, report that, in our opinion,

COMPANIES, LIMITED

Balance Sheet

31st, 1940)

LIABILITIES

CURRENT LIABILITIES

Accounts Payable and Accrued Charges (including Sales and Gasoline Taxes payable January, 1941).....	\$ 795,879.47	
Provision for Income, Excess Profits and Corporation Taxes.....	185,415.77	
Dividend payable, January 2nd, 1941....	40,000.00	
		<u>\$1,021,295.24</u>

DEFERRED LIABILITIES:

Four percent Sinking Fund Debentures due January 2nd, 1955.....	1,500,000.00	
Mortgages and Purchase Monies Payable and Deferred Rentals.....	179,600.00	
		<u>1,679,600.00</u>

RESERVE FOR DEPRECIATION ON CAPITAL ASSETS.....		5,265,583.70
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CAPITAL AND SURPLUS:

Authorized Capital:

8% Cumulative Preference Stock—
20,000 shares par value \$100.00 each:
Common Stock—192,000 shares, no par
value:

Issued Capital:

Preference Stock— 20,000 shares..... 2,000,000.00
Common Stock— 143,764 Shares..... 3,176,212.00

	\$5,176,212.00	
Surplus.....	1,168,687.54	
		<u>6,344,899.54</u>
		<u>\$14,311,378.48</u>

the above Balance Sheet and the accompanying Profit and Loss and Surplus Accounts for the year are properly drawn up so as to exhibit, in accordance with accepted principles of accounting consistently maintained by the Company during the year under review, a true and correct statement of the position and operations of Canadian Oil Companies, Limited, according to the best of our information and the explanations given us and as shown by the books of the Company.

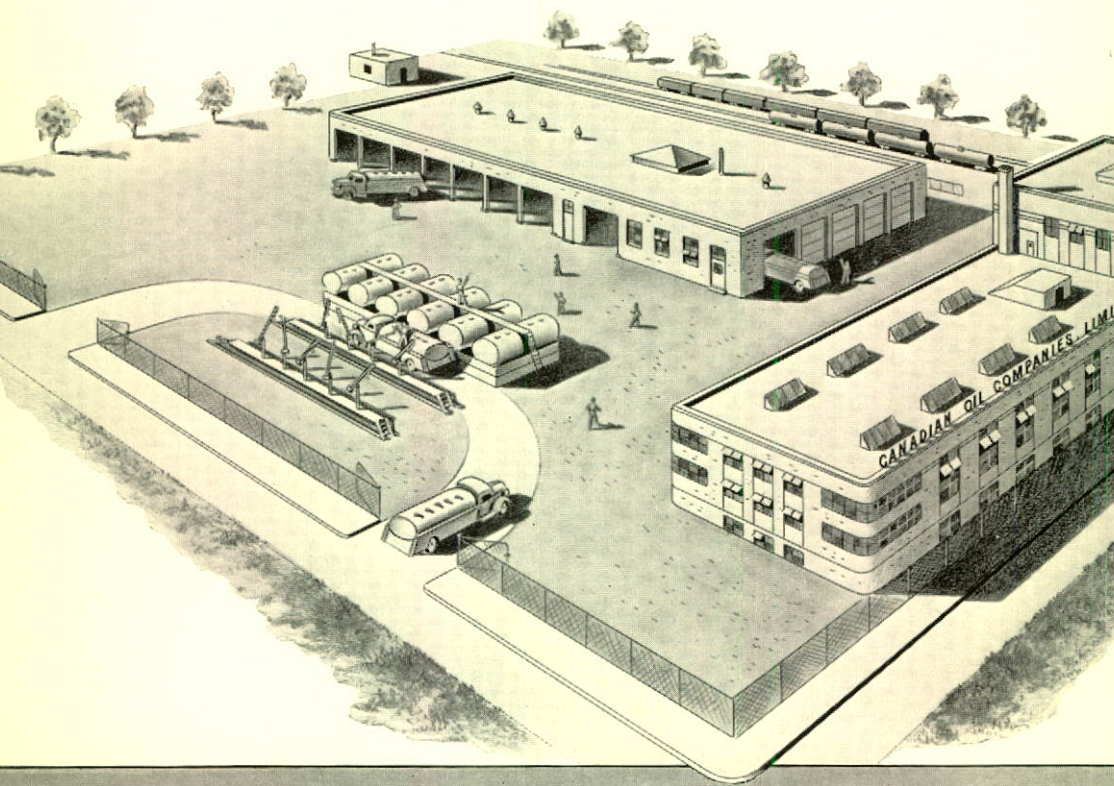
THORNE, MULHOLLAND, HOWSON & McPHERSON,

Chartered Accountants.

TORONTO, April 10th, 1941.

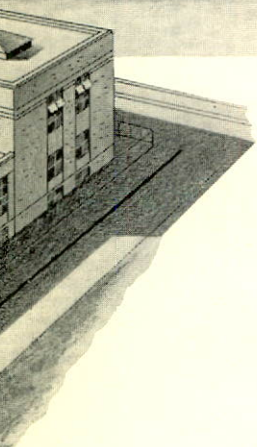
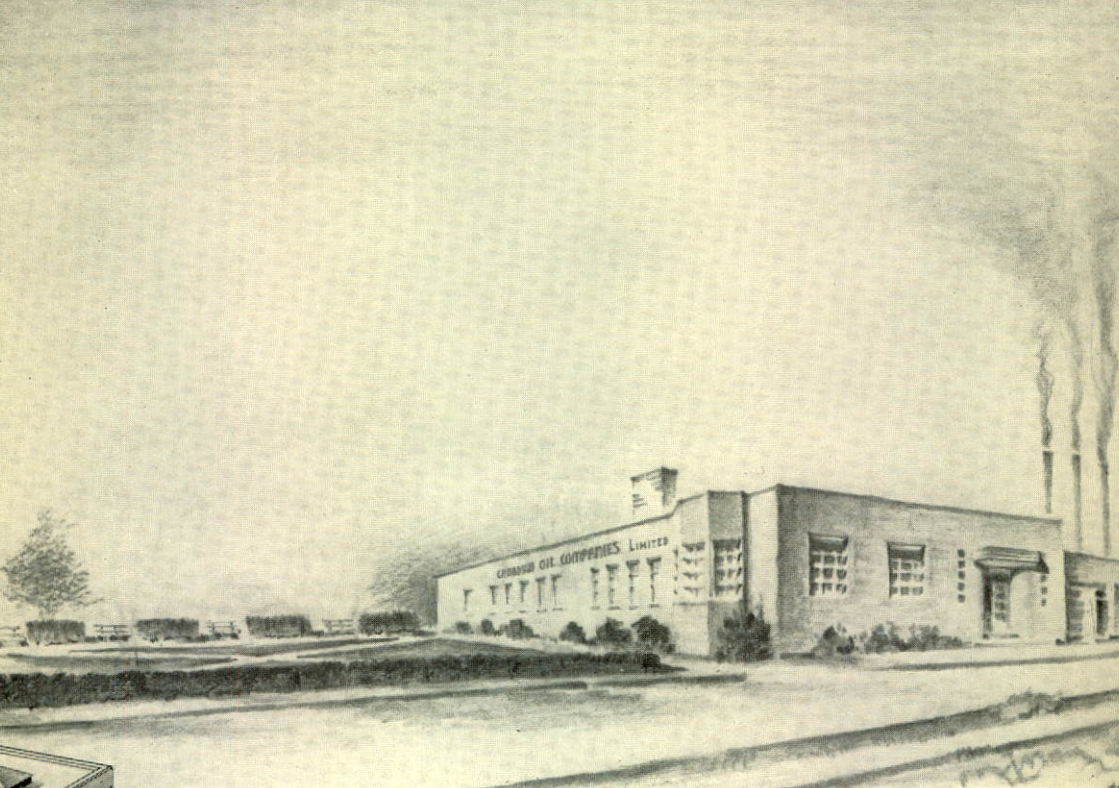
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EVELOPMENTS...



in

TORONTO...



Modern in design and planned for the utmost in efficiency, the structure shown above houses the Executive Offices and headquarters of the Montreal Division at 385 Bridge Street, Montreal.

In Toronto, where the Government took over the old Strachan Avenue premises for War purposes, a new warehouse and storage facilities for the Toronto division, together with a divisional truck depot, are being established at the corner of Cherry and Commissioners Streets, in the Ashbridge's Bay section of the City. Sketch at left shows the development in progress at this location.

... *in* **MONTREAL**

A GUIDE TO QUALITY

The Sign of the White Rose is the motorist's assurance of all that is finest in petroleum products. At this sign (or at the sign of the Boy-and-Slate) he can buy with complete confidence. Canadians . . . from the Rockies to the Atlantic . . . know they can *depend* on products of Canadian Oil Companies, Limited, because these products are made to give better service, better value, better performance!

When motoring look for the White Rose or Boy-and-Slate signs which mark your Company's service stations and retail outlets for, remember, these signs are sure guides to rigidly maintained quality in gasolines, oils and other petroleum products.



PRODUCTS

MOTOR FUELS

White Rose Ethyl
White Rose No-Knock
White Rose White
Diesel Fuel Oil

MOTOR OILS

White Rose
En-Ar-Co
National
Diesel



LUBRICATING AND INDUSTRIAL OILS

Black Oils
Car Oils
Castor Machine Oils
Compressor Oils
Crusher Oils
Cutting Oils
Cylinder Oils
Dynamo Oils
Electric Motor Oils
Engine Oils
Form Oils
Gas Engine Oils

Harness Oils
Ice Machine Oils
Leather Oils
Separator Oils
Spindle Oils
Tempering Oils
Thread Cutting Oils
Tractor Oils—Dursol
Transformer Oils
Turbine Oils
White Oils
Wool Oils



GREASES

En-Ar-Co Graphite Cup
En-Ar-Co Ball Bearing
En-Ar-Co Diamond Drill
En-Ar-Co Gear Shield
En-Ar-Co Mine Car
En-Ar-Co Sponge
En-Ar-Co Yarn
En-Ar-Co Hi-Temp
Black Beauty Axle

SPECIALTIES

White Rose Linseed Soap
White Rose Handy Oil
White Rose Fly Spray
White Rose Livestock Spray
White Rose Liquid Soap
En-Ar-Co Rust Retarder
En-Ar-Co Belt Dressing
En-Ar-Co Boiler Compound
En-Ar-Co Neatsfoot Oil
En-Ar-Co Rock Drill Lubricant



ANTI-FREEZES

White Rose Ethylene Glycol
Slovap Anti-Freeze Alcohol

KEROSENE

Silverlite

